

**FY 2000
CALFED Priorities**

Memorandum

Date: November 9, 1999

To: CALFED Policy Group

From: Steven R. Ritchie
Acting Executive Director



Subject: CALFED FY 2000 Priorities

Summary

CALFED proposes the following program funding priorities for FY 2000:

- Completion of the Programmatic EIS/R, including completion of the water management strategy
- Development of 2000 operations contingency plans
- Actions to ensure early program implementation immediately after the signing of the ROD
- General progress in all program areas, including long-term governance

The attached table illustrates the staff recommendation for allocation of \$30 million for non-ecosystem program actions. The CALFED staff recommends Policy Group approval of Option 1. Ecosystem restoration funding recommendations are presented under a separate agenda item.

Detailed Discussion

For Federal Fiscal Year 2000, Congress appropriated \$60 million for the CALFED Program. Of the \$60 million, \$30 million is specified for ecosystem restoration activities and \$30 million for non-ecosystem restoration activities. This is the first time CALFED has had to coordinate the expenditure of substantial non-ecosystem funds. CALFED staff is proposing the following Program priorities for FY 2000 to assist in determining how the federal funds should be allocated:

- **Completion of the Programmatic EIS/EIR:** This is CALFED's highest priority for the year. Until the Programmatic EIS/EIR is completed, true implementation of the program cannot commence.

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board
Department of Food and Agriculture

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Geological Survey
Bureau of Land Management
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
U.S. Forest Service
Department of Commerce
National Marine Fisheries Service
Western Area Power Administration

- **2000 Operations Plan Contingencies:** The water management conflict related to Delta smelt that occurred in the summer of 1999 demonstrated the need to better prepare for contingencies in advance. The CALFED agencies have been developing options for dealing with uncertainty in the 2000 operations plan, and funding will be needed to implement the appropriate options.
- **Early Implementation:** While completing the Programmatic EIS/EIR is essential, early implementation work also is needed to ensure that program implementation can occur immediately after the Record of Decision.
 - **Ecosystem Restoration Continuity:** The \$30 million in federal funding will provide for continuity in this program area.
 - **The Delta:** A number of the Stage 1a activities will focus on “fixing the Delta”, the heart of the CALFED problem area. In particular, improvements in the south Delta are essential to make the Environmental Water Account successful.
 - **Other Water Management Actions:** CALFED needs to support progress in developing the suite of water management actions (Integrated Storage Investigation, Water Use Efficiency, Transfers) as part of the development of the Water Management Strategy. In addition, the Water Management Development Team may identify promising early implementation activities.
- **Progress in All Program Areas:** Progress must be demonstrated in all program areas for the CALFED effort to move forward.

The attached table lays out 2 options for allocation of the non-ecosystem federal funds using these priorities. Option 1 follows the priorities directly. Option 2 focuses the allocation of the non-ecosystem funds toward the Water Management actions. This is possible if other funds can be identified through the cross-cut budget to help fund the early implementation actions in the Delta.

The following lays out the funding allocation shown in Option 1 in more detail by describing the likely projects or type of projects that may be funded:

South Delta Improvements

- Tracy Fish Facility planning and design - Bureau of Reclamation funding already approved by Policy Group.

- Water quality planning and pilot projects - Commencement of work on at least two components of CALFED's Drinking Water Quality Improvement Strategy: an assessment of the sources and magnitudes of loads for drinking water constituents of concern and an initial assessment of Bay Area blending and exchange potential. In addition funding on Veale/Byron Tract drainage discharge management.
- Environmental documentation - This funding would provide for commencement of environmental documentation for the non-ecosystem portions of the South Delta Improvements.

North Delta Improvements (Regional Plan, Environmental Documentation, Suisun Marsh, Risk Assessment)

- Provide a coordinated regional solution to ecosystem, watershed, water quality, water supply reliability, and flood control concerns in the North Delta Region. Prepare an EIS/EIR for the North Delta Program as described in the Phase II Report-Stage 1a Actions. Provide a forum to coordinate over a dozen projects currently being planned in the region by various federal, state, and local groups.
- Quantify the potential benefits and costs to include the Suisun Marsh levees into the CALFED Levee Program. Prepare various Suisun Marsh reconfigurations that maximize benefits to CALFED objectives and model to verify benefits.
- Develop a Risk Management Strategy (prioritized list of actions) that can be implemented to mitigate risks to primary water delivery systems using Delta water. Perform a phased analysis that will assess system risks, quantify resulting consequences, and develop an appropriate Risk Management Study.

Other Water Management Actions

- 2000 Operations contingency - Funding set aside to assist in limiting or eliminating conflicts in water management in 2000. This will be discussed in more detail under the 2000 Operations item.
- Outcomes of Water Management Development Team - Opportunities for early starts on water management actions may come out of the WMDT discussions. Funds may need to be identified for specific projects later in the fiscal year.
- Conservation and recycling planning and pilot projects
- ISI/Groundwater pilot projects - CALFED has begun developing a Grant Application Program to help fund conjunctive use projects designed to demonstrate the feasibility of implementing local conjunctive use projects that will improve water management and

system flexibility, thereby helping to increase water supply reliability for the Bay-Delta system.

Funds from a CALFED Conjunctive Use Grant Program will be used for:

- (1) monitoring wells that are part of a conjunctive use project
- (2) artificial recharge facilities such as percolation basins, pits, ditches, furrows, modification of streambeds, flooding, or injection wells
- (3) conveyance facilities to promote active and in-lieu recharge
- (4) extraction facilities that are part of a conjunctive use project.

It is anticipated that the \$2.15 million available for fiscal year 1999-2000 would be used to support three to five conjunctive use projects. The projects would have to meet specific criteria to be eligible for funding, including consistency with CALFED objectives, appropriate monitoring, and public outreach and education.

- Transfers - This funding will be used by the U.S. Bureau of Reclamation to coordinate with the Department of Water Resources and State Water Resources Control Board to contract for the development of a statewide water transfer web-page. This tool will include an on-time water transfer application process (integrating all the current processes), a database of historic water transfers that can be queried by interested public, and information regarding the CALFED Water Transfer Program actions and implementation. The first phase of the web-page will be publicly launched in June of 2000. This funding is intended to pay for development of the first phase.

At its October 28 meeting, BDAC was asked to review the priorities and make a recommendation to Policy Group. Rather than providing a recommendation, BDAC suggested a framework for guiding future decision making on funding priorities and allocation of state, federal and water user funds. Individual BDAC members did not suggest a few changes to the priorities list.

BDAC expressed support for developing criteria for establishing priorities and allocating funds between CALFED programs. Vice Chair Sunne McPeak and others believe the time is ripe for beginning discussions on who (state and federal agencies, water users, the public) pays for different CALFED actions on how much they should pay. She suggested that the analysis begin with water conservation and recycling actions and asked the California Urban Water Conservation Council to begin identifying the expected outcomes of the urban BMP's projects funded by the water bond, DWR conservation programs and other measures that fund conservation and recycling. This information would be considered by BDAC at its December 14 meeting.

BDAC suggested that the framework also address how the Environmental water Account will be integrated into the funding priorities and how to include BDAC in future discussions.

BDAC recommended and staff agreed to the following three tasks:

- Develop rules or guidelines for expending funds set aside for FY 2000 operations contingencies
- Develop options for integrating all CALFED related funding sources into the CALFED budget
- Begin and complete discussion on which ecosystem restoration actions are or are not mitigation for other CALFED actions.

Action

At this meeting, the Policy Group is being asked to approve the priorities and general funding allocation described in Option 1.

Attachment